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C O N F I D E N T I A L SECTION 01 OF 02 MINSK 000799

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TAGS: PGOV ECON PHUM BO

SUBJECT: MOGILYOV OFFICIALS PLAY NICE, REQUEST ASSISTANCE

REF: A. MINSK 733

1B. MINSK 754

1C. MINSK 724

1D. MINSK 780

Classified By: Charge Jonathan Moore for reason 1.4 (d).

Summary

11. (SBU) Poloffs recently traveled to two cities in Belarus' Mogilyov region to survey the local political and economic landscape. The regional authorities emphasized stability and were generally optimistic about the region's development, at the same time taking every opportunity to solicit monetary support for various local institutions. End summary.

Officials Paint Picture of Prosperity and Stability...

12. (SBU) Poloffs recently traveled to Belarus' Mogilyov region to discuss the local political-economic situation with GOB and opposition politicians. On September 5, members of the Krasnopolye District Executive Committee (Rayispolkom) described a fairly optimistic outlook for their regions, highlighting the area's stability and medical care. Rayispolkom Chair Aleksandr Vetoshkin touted the region's unemployment rate of two percent and lack of anti-social elements. According to Vetoshkin, the recent conflicts between the GOB and Gazprom over energy prices had no significant effect on his district's mainly agrarian economy, since it relies little on mechanization. When asked about Krasnopolye being one of the possible sites for a future nuclear power plant, Vetoshkin replied that the community would welcome the influx of new jobs, despite the serious effect the Chernobyl accident had on the area.

... While Others More Candid...

13. (SBU) Later in the day, Poloffs visited the fully-Swiss-owned KrasDev wood processing plant, which processes raw timber into wooden beams for residential construction. According to the manager, the Swiss concern decided to locate the factory in Krasnopolye because 70 percent of the region is covered with forest.

14. (C) The manager described very candidly a situation somewhat divergent from the official story promulgated earlier by the Rayispolkom representatives, describing an onerous 20 percent tax rate, the recent Gazprom-induced 46 percent increase in energy costs, and the fact that local support for the plant was based on the "exceptionally high unemployment" there. Poloffs noted an overabundance of manual laborers -- only about ten of the 25 or so workers gathered there appeared to be fulfilling a function -- and, except for the saw cutting through the timber, there was an

almost total lack of mechanization.

...And Request USG Monetary Assistance

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15. (SBU) Poloffs visited several local institutions in the city of Mogilyov, including two libraries, the local history museum, and an elementary school for musical arts. At every visit, directors made appeals for funding assistance from the U.S. Government. The director of one library requested assistance in obtaining American literature, either in Russian or English. The director of the museum requested additional funding to expand the exhibit there that was established with an earlier U.S. grant. After an extremely lavish and impressive set of performances by students, the director of the performing arts school requested funds for the procurement of new musical instruments. The deputy head of the Mogilyov City Rayispolkom, Fyodor Karpovich, requested help encouraging American investment and for establishing sister city ties.

Dissidents Complain about the Opposition "Oligarch"

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16. (C) The following day, Poloffs conducted a breakfast meeting with three members of local United Democratic Front (UDF) parties: Galina Lisitsina, local head of the Nadzeya Women's Party, Vladimir Shantsev from the United Civic Party, and local Labor Party representative Aleksandr Korolev. In addition to the expected reports of harassment by local authorities, participants in the meeting expressed misgivings about "For Freedom" leader Aleksandr Milinkevich. Mr. Shantsev, who formerly worked closely with Milinkevich, described him as "acting like an oligarch" in relation to the

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opposition movement. The UDF members contend that they are sorely lacking funding, and that Milinkevich should dole out some his resources to the very parties that supported him in the past.

Security Presence on the Light Side

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17. (C) Throughout the trip, the local government representatives painted a rosy picture of their districts, while at the same time soliciting financial assistance from the United States. Similar to a recent visit to Vitebsk, there was minimal presence of state media, local ideological officers, and BKGB. Unusually, poloffs' meeting with opposition leaders took place without hindrance. (Comment: The treatment in Mogilyov oblast and Vitebsk oblast (ref A) contrasts with aggressive questioning from ideology officers during recent trial coverage in Soligirsk and Nesvizh (refs B and C). End comment.)

Comment

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18. (C) Despite official pronouncements to the contrary, the economy in the Mogilyov region shows signs of weakness. In Krasnopolye, only make-work schemes prevent unemployment, and there is negligible foreign investment. The local wood processing factory, although hailed by the authorities as a breakthrough, appears inefficient, has little capacity, and is hindered by onerous taxes and increased energy expenses. Considering the area is President Lukashenko's home territory, it shows significant need for revitalization; a marked contrast to the assistance lavished on Lukashenko's home town (ref D). Although authorities do not openly acknowledge the troubling economic situation, their numerous appeals for USG assistance suggest that the lack of development is a significant concern.

Moore